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ABSTRACT

In state fiscal year (SFY) 2000, states expended at least $20 billion on child welfare services, 20 percent more than in SFY 1998. This increase occurred despite the fact that the number of children reported as abused and neglected and the number of children in foster care declined. This suggests that not only are child welfare agencies spending more money than they have in the past, they are spending more money per-child. Yet criticism of the performance of our nation's child welfare system has continued unabated. Many researchers and policy makers have argued that the existing structure of federal child welfare financing limits the ability of states to develop and implement innovative programs, services, and administrative reforms to address performance weaknesses. Over the past decade, a number of federal fiscal reform proposals have been introduced in Congress or floated around on Capitol Hill. Most recently, President Bush's FY 2004 budget proposed legislation that would offer states an alternative financing system that would provide for greater flexibility. This paper summarizes what is known about states' financing of child welfare services. The paper identifies commonly cited problems with the federal child welfare financing structure, describes and assesses recently proposed solutions, and questions how financing data can be used in assessments of state performance. (Contains 22 references.)(Author)

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**Improving Child Welfare Agency Performance through Fiscal Reforms: An Assessment of Recent Proposals**

Rob Geen

**JCPR Working Paper 338**
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# Improving Child Welfare Agency Performance through Fiscal Reforms: An Assessment of Recent Proposals

*Rob Geen*
*The Urban Institute*

Paper prepared for the Joint Center on Poverty Research Conference
Child Welfare Services Research and Its Policy Implications
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# Improving Child Welfare Agency Performance through Fiscal Reforms: An Assessment of Recent Proposals

In state fiscal year (SFY) 2000, states expended at least $20 billion on child welfare services, 20 percent more than they did in SFY 1998 (Bess et al., 2002). This increase occurred despite the fact that the number of children reported as abused and neglected and the number of children in foster care declined. This suggests that not only are child welfare agencies spending more money than they have in the past, they are spending more money per-child. Yet criticism of the performance of our nation's child welfare system has continued unabated.

Many researchers and policy makers have argued that the existing structure of federal child welfare financing limits the ability of states to develop and implement innovative programs, services, and administrative reforms to address performance weaknesses. Over the past decade, a number of federal fiscal reform proposals have been introduced in Congress or floated around on Capitol Hill. Most recently, President Bush's FY 2004 budget proposed legislation that would offer states an alternative financing system that would provide for greater flexibility. This paper summarizes what we know about states financing of child welfare services. It identifies commonly cited problems with the federal child welfare financing structure, describes and assesses recently proposed solutions, and questions how financing data can be used in assessments of state performance.

## Summary of Child Welfare Financing Data[1]

In SFY 2000, states spent $20 billion on child welfare services including $9.9 billion in federal funds, $7.9 billion in state funds, and $2.2 billion in local funds. While nationally federal funds account for approximately 49 percent of all child welfare expenditures, states reliance on federal funds varies greatly. In 17 states, federal funds account for more than 60 percent of all child welfare expenditures but less than 40 percent in 6 states. Recognizing these state differences is essential in assessing the potential impact of federal fiscal reforms as I discuss in detail below.

Of the 45 states that provided adequate data, 39 spent more on child welfare services in SFY 2000 than they did in SFY 1998 with a median increase of 22 percent. These increases have occurred at the same time that child welfare caseloads, regardless of how you wish to measure them, have remained stable or declined (Table 1). While one might conclude from these data that the funds child welfare agencies have are more sufficient in meeting the demands placed on them, child welfare administrators reported that the cost-per child has increased significantly over the past few years because of an increase in the number of children with multiple or severe special needs.

[1] Data presented in this section are based on surveys conducted by the Urban Institute in 1997, 1999 and 2001. For additional detail see Geen et al.,1999, Bess et al. 2001 and Bess et al. 2002.

Looking only at the national trend masks the significant volatility in state child welfare spending. For example, 7 states reported increases in spending of more than 40 percent in a two-year period between SFY 1996 and SFY 1998 or between SFY 1998 and SFY 2000. Moreover, between SFY 1996 and SFY 2000, several states reported declines between 1996 and 1998 and then significant increases between 1998 and 2000; these states include Florida (-6%, 34%), Kentucky (-26%, 38%), Nebraska (-32%, 32%) New Hampshire (-32%, 25%), New Jersey (-11%, 18%), Oregon (-19%, 23%), and Texas (-3%, 31%). Such significant changes in state child welfare spending can not be explained by caseload changes alone and point to the importance of external factors in explaining states financing decisions.

**Table 1: Child Welfare Caseload Data, Fiscal Years 1998 and 2000**

| | 1998 | 2000 | Percent Change |
|---|---|---|---|
| Abuse and neglect referrals | 2,806,000 | 2,795,220 | -.4% |
| Abuse and neglect investigations | 1,819,817 | 1,747,717 | -4.0% |
| Children subject to an investigation | 2,972,862 | 2,938,681 | -1.1% |
| Substantiated/indicated reports of abuse and neglect | 542,982 | 548,752 | +1.1% |
| Victims of abuse and neglect | 904,000 | 879,000 | -2.8% |
| In foster care | 558,000 | 556,000 | -.4% |
| Foster children served in year | 807,000 | 831,000 | +3.0%[1] |

Source: Abuse and neglect data are from Child Maltreatment 1998, 2000 (NCCAN); foster care data from AFCARS
[1]Preliminary data from 2001 show a continued decline in the number of children in foster care (to 542,000) and a decline in the number of children served in foster care (805,000)

The majority of child welfare spending supports children in out-of-home care. Of the $20 billion states expended on child welfare services, state officials categorized how they expended $15.7 billion on different child welfare functions. States spent $9.1 billion on children in out-of-home placement ($5.2 billion in federal funds, $3.0 billion in state funds, and $.9 billion in local funds); $1.9 billion on adoption ($1.0 billion in federal funds, $.9 billion in state funds, and $.1 in local funds); $1.8 billion on administration[2] ($.5 billion in federal funds, $1.1 billion in state funds, and $.2 billion in local funds); and $2.9 billion on "other" services including all child protective and family preservation and support services ($1.8 billion in federal funds, $.9 billion in state funds, and $.2 billion in local funds).

Titles IV-E and IV-B of the Social Security Act are the principal sources of federal funds dedicated for child welfare activities. Title IV-E consists of both the Foster Care and Adoption Assistance Programs, which are open-ended entitlements, and the Chafee Foster Care Independence Program, which is a capped entitlement. Title IV-B is a capped allocation to states that provides grants to states to prevent placement and reunify families, prevent child abuse and neglect, and on a limited basis, to provide services to children in foster care or adoptive homes. Federal title IV-B funds are capped at a level considerably lower than historical funding levels for title IV-E. Moreover, because of the differences in their funding mechanisms, IV-E being

[2] This includes all activities allowable under title IV-E for placement and administrative costs regardless of whether federal or state funds were used. States were instructed not to include any capital expenses.

open-ended while IV-B being a capped entitlement, IV-E has been allowed to grow significantly while IV-B expenditures have remained stable (Figure 1).

**Figure 1: Title IV-B and IV-E spending 1989-2000**

Source: 2000 *Green Book*.

Title IV-E receives the greatest attention from policy makers, because it is the largest federal funding source for child welfare and has increased significantly over the past decade. However, there are other federal funding sources, not dedicated for child welfare services, that states can and do rely on to fund their child welfare systems. These non-dedicated funding streams include the Temporary Assistance for Needy Families (TANF) Block Grant, the Social Services Block Grant (SSBG), and Medicaid.[3] Together, these funding streams accounted for 42 percent of all federal child welfare expenditures in SFY 2000 (Figure 2). Again, states reliance on these funding streams varies greatly, from 0 percent in Virginia to 70 percent of all federal spending in Rhode Island.

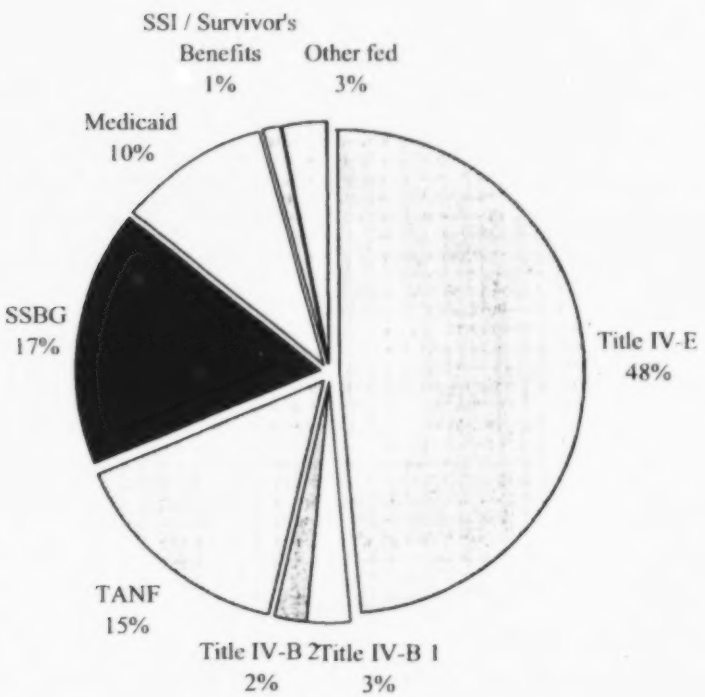
States expended 18 percent more of their own funds in SFY 2000 than they did in SFY 1998. Again, these national data mask the volatility in state spending. During this period, 3 states increased their spending from state sources by more than 100 percent and 4 more by more than 50 percent, while 3 states decreased their spending by more than 15 percent.

Nationally, 11 percent of child welfare expenditures came from local funds in SFY 2000. Yet in several states, primarily county-administered states, local funds account for a significant portion

[3]While Medicaid is primarily thought of as a health insurance program for children in low-income families, Medicaid can also be used to offset the costs associated with providing health-related case management services and rehabilitative services for children involved in the child welfare system. Data presented here refer to these latter costs and not the cost of health services received by children involved in the child welfare system and paid for by Medicaid health insurance.

of child welfare expenditures. Sixteen states report that local governments are required to match either federal or state child welfare funds. The reliance on local funds is a concern because local revenue is typically generated by property taxes, and inequities exist in the burden placed on localities because of varying property tax values across a state. In addition, individual counties in states may not be able to take advantage of federal proposals that offer states options for alternative child welfare financing unless all counties in the state agree to participate.

**Figure 2: SFY 2000 Federal Child Welfare Spending by Funding Source**




**Problems with Existing Financing Structure**

Child welfare administrators and other experts have criticized the federal child welfare financing structure as inflexible, making it difficult for states to design service interventions that meet their individual needs. Experts also suggest that this funding structure provides financial incentives that run counter to the goals of the child welfare system. The complexity of the requirements states must meet to claim IV-E reimbursement has also been harshly criticized. Because states have had differing success in meeting these requirements, the equity of federal child welfare financing has been questioned. At the same time, experts agree that child welfare agencies are severely underfunded given the ever expanding scope of their responsibilities (Courtney 1997;

Myers 1994; Primus 2000; Schorr 1997). Finally, many states and experts disagree with federal policies related to the reimbursement of costs associated with kinship care placements.

With a cap on federal funds for prevention and an open ended entitlement on placement expenses, many researchers and advocates have noted that states have little financial incentive to reinforce the child welfare goals of keeping families together and ensuring timely permanency of children removed from their homes (Courtney 1998; Waldman 2000; Wulczyn 2000). The harder states work to reduce foster care, either by lowering admission rates (placement prevention), reducing time in care (earlier permanency), or using less costly and restrictive settings, the less federal revenue is available to them. In other words, states do not get to keep the federal money saved by preventing foster care placement expenditures. For example, assume that a state estimates that it will cost $10,000 to maintain a child in foster care, but that the placement could be prevented if the state spent $8,000 on intensive services. If the child is IV-E eligible and the federal matching rate is 50 percent, than the cost of the foster care placement to the state would be $5,000. Thus, to prevent the foster care placement, the state would need to invest an additional $3,000.

While some have suggested that the federal financing structure actually provides an incentive to place children in foster care (Courtney 1998), in practice there is no evidence to suggest that worker decisions are influenced by whether or not the state will receive additional federal funds. Rather, research suggests that the more fundamental problem is that given the limited federal funding for prevention, many child welfare agencies have developed few alternatives to foster care. States appear to be reluctant to put forth their own funds on the hope that they will reduce foster care placements and costs in the long-run, since states do not get to retain the federal foster care dollars that are saved.[4] In other words, the current financing structure reinforces the status quo and limits innovation.

The requirements for claiming title IV-E reimbursement places an enormous administrative burden on states. Expenses incurred on behalf of a child are eligible for federal reimbursement under title IV-E if that child was removed from a home that would have been eligible for Aid to Families with Dependent Children (AFDC) based on state standards in effect in 1996. Since its inception, federal foster care funding has been tied to welfare eligibility.[5] While the burden this link creates has been criticized for some time, the continued link to historical AFDC standards following welfare reform's elimination of the program in favor of TANF, has intensified the attacks on this link.

The burden of title IV-E eligibility determination also raises concern about equity, because states have had different levels of success in claiming IV-E reimbursement. Since IV-E reimbursement is tied to welfare eligibility, the greater the number of children in a state that come from families who would be eligible for welfare, the greater the percentage of foster children states received

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[4] And placement prevention services have not been shown to be effective in the few studies undertaken (See U.S. Department of Health and Human Services, "Evaluation of Family Preservation and Reunification Programs," Report submitted by Westat, Inc. and Chapin Hall Center for Children, to the Assistant Secretary for Planning and Evaluation, 2001.)

[5] For a historical explanation of why title IV-E is linked to welfare eligibility see, "Report to Congress on Kinship Care," USDHHS 2000.

reimbursement for. But this is not always the case. Consider the variance in states' IV-E penetration rates, that is, the percent of children for which states are able to claim title IV-E reimbursement. Based on the 42 states that provided estimates, the Urban Institute estimated that the national penetration rate was approximately 57 percent. However, 9 states had penetration rates above 70 percent, including two that had rates above 80 percent, while 9 states had rates under 40 percent, including one state that had a penetration rate below 20 percent. This variation is much greater than the variation in the number of children in families receiving welfare (we lack good data on the number of children who live in families eligible for welfare). Moreover, many states with relatively low percentages of children receiving welfare (e.g., Wisconsin 2.2%, Oklahoma 3.5%, Ohio 5.6%) have higher penetration rates (Wisconsin 80%, Oklahoma 80%, Ohio 78%), while many states with relatively high percentages of children receiving welfare (e.g., Rhode Island, 15.7% Tennessee 7.4%, Washington, 6.7%) have lower penetration rates (Rhode Island, 41%, Tennessee 35%, Washington 35%).

Many child welfare experts argue that changing the federal incentives and providing states with additional flexibility will alone not address the funding problems faced by state child welfare agencies (Courtney, 1997; Waldman, 2000; Primus, 2000). There is abundant evidence that the existing capacity of child welfare agencies is insufficient to meet the demands placed on them. Nationally, only about half of the children who have been substantiated as victims of abuse and neglect receive services beyond the investigation (DHHS, 2001). Caseload sizes in almost all child welfare agencies exceed professional standards, in many agencies by 100 percent or more (Petit and Curtis, 1997). In recent case studies of state child welfare agencies conducted by the Urban Institute, many administrators reported that insufficient capacity has led their agencies to turn away families they would have served in the past (Geen and Tumlin, 1999).

There are a wide variety of services and supports that advocates and states would like to see greater federal investment in. In addition, advocates and states are pressuring the federal government to change IV-E eligibility policy to allow reimbursement for certain payments made to kinship foster parents. Under current federal policy, payments states make to kinship caregivers who are not licensed based on the same criteria as non-kin foster parent are not reimbursable. Moreover, payments made to provisionally licensed kin are not reimbursable. Since unlike traditional foster parents, kin do not plan to take on the care of a foster child, kin are typically not fully licensed when they take the child in. In addition, many states provide kin foster parents who agree to take legal guardianship of a foster child a subsidy that is similar to an adoption assistance payment. The federal government has authorized waivers to seven states to allow them to receive IV-E reimbursement for subsidized guardianship payments, but all others states (35 states offer guardianship subsidies to kin) must use state funds or other federal funds for these payments.

**Proposed Solutions**

Over the past decade, numerous proposals have been made to reform federal child welfare financing. In 1994, Congress authorized HHS to grant waivers from certain federal provisions to 10 states, allowing them the flexibility to design innovative child welfare experiments. In 1997, Congress expanded this authority to allow 10 additional waivers each year for five years. While

Congress has failed to pass larger scale reforms, interest in federal child welfare fiscal reform has intensified in the past few years.

In 2001, the Congressional Research Service responded to a Congressional request and completed a detailed report on child welfare financing, documenting the perceived weaknesses of the current system and policy options and proposals for reform. In recent years, the American Public Human Services Association (APHSA), a membership organization representing state child welfare administrators, has made fiscal reform its top child welfare legislative priority. In November 2002, Congressmen George Miller (D-California), Charles Rangel (D-New York), and Benjamin Cardin (D-Maryland), hosted the "Child Welfare Summit: Looking to the Future." The summit brought together national child welfare administrators, practitioners, court personnel, advocates, and researchers and sought recommendations for federal child welfare policy changes. Participants submitted over 30 recommendations for federal child welfare fiscal reforms. Most recently, President Bush's FY2004 Budget proposed legislation that would alter federal child welfare financing.

While many of the fiscal reform proposals are broad and seek multiple changes, taken together the proposed reforms have four primary aims: to increase funding flexibility, alter fiscal incentives, reduce bureaucratic burden and increase equity, and expand existing federal investment in child welfare.

*Increasing Funding Flexibility*

Acknowledging the shortcomings of the current federal financing structure for child welfare services, Congress has debated a number of proposals to provide greater fiscal flexibility to states for child welfare services. These proposals include consolidation of the multiple federal child welfare programs, offering a state-optional block grant of IV-E funds, allowing states to transfer money from title IV-E to title IV-B, and expanding and simplifying the federal waiver process.

- During the welfare reform debate in 1996, a proposal to block grant all federal child welfare funding and provide states increased flexibility on how these funds could be used (H.R. 4) was passed by the House and only narrowly defeated in the Senate.

- The Flexible Funding for Child Protection Act of 2000 (HR 5292) included three options that would increase flexibility in states' use of federal child welfare dollars. Under option one, states could opt to receive a block grant of child welfare money for three years. States would receive a fixed payment (at a level negotiated between HHS and the state) instead of submitting claims for reimbursement for eligible expenditures under title IV-E and the funds could be used flexibly for child welfare activities. Under option two, states would have been allowed to transfer "unused" foster care funds, within a baseline amount, from title IV-E and use them flexibly for other child welfare services. Under this option states would reinvest savings the state achieved but continue to have an entitlement for foster care funding. Option three would have strengthened HHS' existing authority to provide states with cost-neutral waivers to IV-E.

- President Bush's FY 2004 budget proposed legislation similar to option one of HR 5292, allowing states to choose to administer their foster care program within a fixed allocation of funds over a five-year period. According to the budget rationale, "the proposed legislation would provide states and Indian tribes with the opportunity to design a flexible child welfare system that supports a continuum of services to families in crisis and children at risk while removing the administrative burden of many of the current federal requirements."

The two prevailing theories motivating these proposals and the larger debate about fiscal flexibility are: 1) states are not investing enough in prevention and early intervention initiatives, because federal funding is tilted in its support of foster care and thus states lack the fiscal flexibility they need to invest in other areas, and 2) greater federal fiscal flexibility will lead to greater investment in prevention services. I believe the first theory is faulty, because it is based solely on the availability of federal funds under titles IV-E and IV-B. In fact, states have considerable fiscal flexibility. Assume that federal funds from IV-E and Medicaid are inflexible, as are the state funds used to match these funds since all of these funds must be used for limited purposes. Assume that federal IV-B, TANF, and SSBG funds are flexible as are state funds not used to match IV-E or Medicaid since these funds can be used for a wider range of services. Based on these assumptions, 56 percent of the funds states expended in FY 2000 were "flexible" funds.[6] Moreover, some states enjoyed greater fiscal flexibility with more than 70 percent of the money expended coming from flexible sources (Table 2).

Data from the Urban Institute fiscal survey on how states are using funds from TANF and SSBG also raise doubts about the second theory, that states will invest more in prevention services if they have greater federal fiscal flexibility. States spent roughly the same amount ($1.2 billion) from these sources to support children in out of home care as they did on "other" services (child protection services, prevention, and aftercare services). Moreover, states with higher percentages of flexible funds did not necessarily spend a greater proportion of their total spending on "other" services. For example, in West Virginia (6%), Alabama (14%), Arizona, (14%) and Georgia (14.5%) less than 15 percent of their expenditures were for "other" services despite having more than 60 percent of their funding from flexible sources. In comparison, Missouri (27%), Oregon (27%) and South Carolina (17%) invested more in "other" services despite the fact that less than 50 percent of their funds came from flexible sources.[7]

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[6] While states may be using a significant portion of flexible funds, this does not mean that child welfare agencies have flexibility in how these funds can be used. For example, a state may allocate a significant amount of TANF or SSBG funds for child welfare services, but require that the child welfare agency use these funds for a specific purpose. Changing federal child welfare financing to provide states with greater flexibility will not address the restrictions that states self impose on their child welfare agencies.

[7] Several of the states with the lowest levels of flexible funds were unable to categorize how all their funds were spent.

**Table 2: Flexibility of Child Welfare Funds**

| State | Percent Flexible[1] |
|---|---|
| WEST VIRGINIA | 79% |
| ALABAMA | 77% |
| MASSACHUSETTS | 75% |
| INDIANA | 74% |
| IDAHO | 73% |
| KENTUCKY | 71% |
| CONNECTICUT | 68% |
| NEW HAMPSHIRE | 67% |
| MARYLAND | 66% |
| MONTANA | 65% |
| ARIZONA | 63% |
| GEORGIA | 62% |
| NEW YORK | 61% |
| WISCONSIN | 61% |
| WYOMING | 61% |
| NEBRASKA | 60% |
| TEXAS | 60% |
| FLORIDA | 60% |
| SOUTH DAKOTA | 60% |
| WASHINGTON | 60% |
| ILLINOIS | 60% |
| NEW JERSEY | 59% |
| MICHIGAN | 58% |
| TENNESSEE | 58% |
| ALASKA | 57% |
| MINNESOTA | 57% |
| COLORADO | 56% |
| DELAWARE | 56% |
| NEVADA | 55% |
| NORTH DAKOTA | 54% |
| LOUISIANA | 53% |
| PENNSYLVANIA | 53% |
| IOWA | 53% |
| UTAH | 50% |
| RHODE ISLAND | 50% |
| CALIFORNIA | 50% |
| MISSISSIPPI | 50% |
| OKLAHOMA | 49% |
| VERMONT | 48% |
| OREGON | 48% |
| KANSAS | 48% |
| MISSOURI | 46% |
| DIST. OF COL. | 46% |

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| State | Percent Flexible[1] |
|---|---|
| SOUTH CAROLINA | 45% |
| OHIO | 40% |
| ARKANSAS | 33% |
| VIRGINIA | 32% |
| NEW MEXICO | 31% |
| HAWAII | 29% |
| NORTH CAROLINA | 26% |
| MAINE | 0% |

[1]Percent flexible equals the amount of state spending from title IV-B, TANF, SSBG and states funds not used to match IV-E or Medicaid, divided by total spending from all sources (SFY 2000).

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*Alter Federal Fiscal Incentives*

Concerns about the perverse incentive created by an open-ended entitlement for foster care maintenance payments and discontent with the performance of the nation's child welfare system, have prompted policy makers to consider alternative financing structures that would reward or penalize states for achieving or not achieving desired outcomes.[8] In the Adoption and Safe Families Act (ASFA), Congress provide states with a fiscal incentive in the form of a bonus payment to states for each adoption finalized of a foster child or child with special needs above a baseline level.

A much more comprehensive reform of federal financing under title IV-E that would be create a more performance-based system has been discussed on Capitol Hill for a number of years, most recently as " The Safe Families Financing Act of 2000" (Supported by Senators Grassley, Landrieu, and DeWine, though never formally introduced). This proposal sought to provide states with fiscal incentives to reduce the length of time children remain in foster care by altering federal matching rates for foster care services. The bill called for providing a greater level of federal support than is currently provided during the first 18 months of placement (120 percent of current levels), and then reducing federal resources for children who remain in care for longer periods of time (80 percent of current levels for children in care between 18 and 24 months, 40 percent of current levels for children in care more than 24 months).

Had the Grassley proposal been enacted, it would have significantly shifted the burden for foster care financing from the federal government to the states, due to the number of children who remain in foster care for more than 18 months (Table 3). While this specific proposal would be obviously unacceptable to the states, it does not mean that the concept of altering federal support for foster care to provide states an incentive to achieve permanency more quickly is flawed. It would be possible, for example, to make the Grassley proposal cost neutral to both the states and the federal government by changing the reimbursement parameters. And if the proposal only affected new entrants into foster care, then states would not feel penalized for past performance (in terms of children already on foster care for long periods of time).

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[8] A number of states and localities are also experimenting with various types of performance-based incentives and other innovative mechanisms for financing child welfare services (GAO, 1999; BASSC, 1998; Wulczyn and Orlebeke, 2000). A number of states (some under title IV-E Child Welfare Demonstration waivers, others independently), are experimenting with the use of "managed care" features in child welfare, including some performance-based financing.

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**Table 3: Comparison of Federal Foster Care Reimbursement Under Existing Condition, Under Grassley Proposal**

| | | | Existing Financing System | | | | Grassley Proposal[1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 50% Federal Match | | 75% Federal Match | | Costs up to 18 months (120%) | | 18-24 months (80%) | | >24 months (40%) | | Total | |
| Length of Stay in Months | Percent of Children[2] | Cost[3] | Federal | State | Federal | State | Federal | State | Federal | State | Federal | State | Federal | State |
| 1 | 19 | 22800 | 11400 | 11400 | 17100 | 5700 | 13680 | 9120 | | | | | 13,680 | 9,120 |
| 3 | 17 | 61200 | 30600 | 30600 | 45900 | 15300 | 36720 | 24480 | | | | | 36,720 | 24,480 |
| 8.5 | 14 | 142800 | 71400 | 71400 | 107100 | 35700 | 85680 | 57120 | | | | | 85,680 | 57,120 |
| 14.5 | 11 | 191400 | 95700 | 95700 | 143550 | 47850 | 114840 | 76560 | | | | | 114,840 | 76,560 |
| 20.5 | 8 | 196800 | 98400 | 98400 | 147600 | 49200 | 12960 | 8640 | 70080 | 105120 | | | 83,040 | 113,760 |
| 26.5 | 6 | 190800 | 95400 | 95400 | 143100 | 47700 | 12960 | 8640 | 2880 | 4320 | 32400 | 129600 | 48,240 | 142,560 |
| 32.5 | 5 | 195000 | 97500 | 97500 | 146250 | 48750 | 12960 | 8640 | 2880 | 4320 | 33240 | 132960 | 49,080 | 145,920 |
| 42 | 11 | 554400 | 277200 | 277200 | 415800 | 138600 | 12960 | 8640 | 2880 | 4320 | 105120 | 420480 | 120,960 | 433,440 |
| 60 | 10 | 720000 | 360000 | 360000 | 540000 | 180000 | 12960 | 8640 | 2880 | 4320 | 138240 | 552960 | 154,080 | 565,920 |
| | | | 1,137,600 | 1,137,600 | 1,706,400 | 568,800 | 315,720 | 210,480 | 81,600 | 122,400 | 309,000 | 1,236,000 | 706,320 | 1,568,880 |

[1]For simplicity, his analysis does not require states to maintain their level of investment which was required under the Grassley proposal.
[2]Based on AFCARS data on length of time in care of children exiting care (underestimate of average length of stay).
[3] Based on 100 children in foster care with a per-day cost of $40.

However, reforms like the Grassley proposal may not have the intended impact of increasing investment in front-end services, and may create unintended incentives that run counter to the goals of the reform. As discussed above, funding flexibility does not necessarily translate into increased investment in prevention-type services. Moreover, the enhanced federal match provided during the initial 18 months under the Grassley proposal may provide states a fiscal incentive to keep children who may have returned home quickly in care longer. The Grassley proposal seems to ignore the fact that the majority of children leave foster care in relatively short periods of time — 56% of foster care entrants and 71 percent of children placed in non-kin foster care exit care within 15 months (Wulczyn 2000). Another concern of any proposal that reduces federal reimbursement for children in foster care for long periods of time is how this change will alter state support for these vulnerable children. Despite the best efforts of state child welfare agencies, some children will remain in care for long periods of time, possibly until they are emancipated, and states may feel pressured to reduce investments in these children if they do not receive federal reimbursement. A more fundamental concern in designing any performance-based financing structure is that the outcomes states achieve vary greatly for a variety of reasons beyond their "performance."

Participants at the 2002 child welfare summit made a number of other suggestions for federal financing reforms to alter current incentives. These included time limiting federal support for children in foster care, disallowing IV-E funds for children placed in private institutions of more than 25 residents, changing the adoption bonuses under ASFA to a permanency bonus (to allow for guardianships), and fiscal rewards or incentives for the implementation of a variety of "best practice" including the use of alternatives to per-diem payments to private providers.

*Reduce Administrative Burdens, Increase Equity*

Because of the title IV-E eligibility link to AFDC, determining eligibility for maintenance payments and allocating costs for training and administration expenses under IV-E is cumbersome and costly for states. Proposals to "de-link" IV-E from AFDC have been discussed for some time. In 1991, Representative Downey (H.R. 2571) introduced legislation that would have eliminated the link between AFDC and IV-E eligibility, allowing states to claim federal reimbursement (under reduced matching rates) for eligible foster care or adoption assistance expenditures on behalf of children without regard to their family income. Because of the limited information available at the time to assess the impact of this legislation, this proposal was dropped in favor of a provision that would have authorized HHS to conduct demonstrations of this proposal in five states. This provision was passed by Congress but never signed by the President. In 1997, Senator Chafee introduced legislation (S. 1195) that would have eliminated the AFDC link for Adoption Assistance under IV-E, while leaving the link to foster care intact.

The Urban Institute financing survey provides data to estimate the cost of delinking IV-E from AFDC. Based on states self-reported penetration rates, it would cost the federal government approximately $1.5 billion to reimburse states for all foster care maintenance payment or

adoption subsidies under existing matching rates.[9] To delink IV-E maintenance and adoption assistance payment from AFDC without increasing federal investment, the federal government would need to reduce current matching rates to approximately 63 percent of current levels. While being cost neutral at a national level, this would reduce the amount of money that states with high penetration rates received (e.g. California, New York, and Ohio) and increase the money received by states with low rates (e.g., Florida, Indiana, Illinois, and Massachusetts) (Table 4).

Alternatively, state-specific matching rates could be developed that would make de-linking cost neutral for both the states and the federal government. However, this would mean that California would have a higher federal reimbursement rate than Mississippi, which would be hard to accept politically. A potential solution to this problem, which is not cost-neutral but not exorbitantly expensive, would be to make delinking foster care maintenance and adoption assistance payments from AFDC optional for states. States opting to delink would get reimbursed for foster care and adoption assistance payments made on behalf of all kids at 63 percent of their Medicaid matching rate. If all of the states that would receive more money under the delinking scenario chose this option and none of the states that would lose money chose not participate, the added cost to the federal government would be approximately $270 million. However, the actual cost would probably be lower. First, several states that would "lose" money under the delinking plan may choose to participate since the amount they would save in administrative expenses related to IV-E eligibility determination may cover their loses. Similarly, the federal government may save administrative costs associated with reviewing IV-E eligibility determinations.

The topic of delinking IV-E from AFDC reappeared during the current debate over reauthorizing TANF. A bill introduced by Senator Rockefeller (S. 2052) proposed to allow states to link IV-E eligibility standards to current TANF eligibility as opposed to 1996 AFDC standards. It is very difficult to assess the financial impact of eliminating the "look back provision." It is uncertain how many children placed in foster care today come from homes that would not have been eligible for AFDC in 1996 but would be eligible under current TANF guidelines. While many states have relaxed eligibility standards somewhat under TANF, it seems unlikely that this would have a major impact on the number of children found eligible. However, if it is easier to assess IV-E eligibility, then states will likely find more children eligible, though again estimating the number is impossible.

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[9] This and other delinking estimates reported below are very rough estimates used mainly for illustrative purposes since many states provided rough estimates of their penetration rates, and these were for foster care children only not for adoption assistance. Penetration rates for adoption assistance tend to be higher.

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**Table 4: Difference in Receipt of Federal Funds Under Cost Neutral De-Linking[1]**

| State | Difference |
|---|---|
| ALABAMA | 3,528,463 |
| ALASKA | 200,783 |
| ARIZONA | 1,786,540 |
| ARKANSAS | 1,144,636 |
| CALIFORNIA | -137,977,797 |
| COLORADO | 9,491,010 |
| CONNECTICUT | 12,375,778 |
| DELAWARE | 246,167 |
| DIST. OF COL. | -533,238 |
| FLORIDA | 50,848,274 |
| GEORGIA | 7,989,030 |
| HAWAII | -289,149 |
| IDAHO | 403,383 |
| ILLINOIS | 40,327,407 |
| INDIANA | 32,830,726 |
| IOWA | -945,543 |
| KANSAS | -415,628 |
| KENTUCKY | -622,886 |
| LOUISIANA | -4,585,537 |
| MAINE | -926,066 |
| MARYLAND | N/A |
| MASSACHUSETTS | 37,322,879 |
| MICHIGAN | -16,865,048 |
| MINNESOTA | -1,389,516 |
| MISSISSIPPI | 11,847,655 |
| MISSOURI | 3,533,363 |
| MONTANA | N/A |
| NEBRASKA | 1,418,071 |
| NEVADA | N/A |
| NEW HAMPSHIRE | 2,553,788 |
| NEW JERSEY | -1,115,397 |
| NEW MEXICO | -1,286,759 |
| NEW YORK | -57,273,297 |
| NORTH CAROLINA | -1,904,984 |
| NORTH DAKOTA | N/A |
| OHIO | -28,930,676 |
| OKLAHOMA | -3,514,504 |
| OREGON | -597,237 |
| PENNSYLVANIA | N/A |
| RHODE ISLAND | 4,366,273 |
| SOUTH CAROLINA | 2,220,694 |
| SOUTH DAKOTA | 340,758 |
| TENNESSEE | 16,330,307 |

| State | Difference |
|---|---|
| TEXAS | 5,805,046 |
| UTAH | 1,570,808 |
| VERMONT | -2,627,857 |
| VIRGINIA | 2,132,774 |
| WASHINGTON | 17,179,263 |
| WEST VIRGINIA | 2,138,631 |
| WISCONSIN | -9,154,448 |
| WYOMING | 1,023,060 |

[1]This assumes that states would receive IV-E reimbursement for maintenance payment made on behalf of all foster children and all adoption subsidies, but at 63 percent of current levels, making it cost-neutral to the federal government. Calculations are based on state reported penetration rates for foster care (the same penetration rates were used for estimating adoption assistance penetration, though we know that these rates are higher in most states).

**Table 5: Difference in Receipt of Financial Reimbursement Under a Block Grant Tied to Child Poverty[1]**

| State | Difference |
|---|---|
| ALABAMA | 82,316,124 |
| ALASKA | -3,493,566 |
| ARIZONA | 56,856,713 |
| ARKANSAS | 49,038,201 |
| CALIFORNIA | -246,172,321 |
| COLORADO | 2,767,615 |
| CONNECTICUT | -84,284,193 |
| DELAWARE | 3,461,559 |
| DIST. OF COL. | -33,459,122 |
| FLORIDA | 61,152,017 |
| GEORGIA | 60,120,544 |
| HAWAII | -10,572,770 |
| IDAHO | 19,051,949 |
| ILLINOIS | -87,058,514 |
| INDIANA | 3,515,123 |
| IOWA | -27,421,904 |
| KANSAS | -3,021,869 |
| KENTUCKY | 4,511,325 |
| LOUISIANA | 33,963,892 |
| MAINE | -36,153,641 |
| MARYLAND | -74,494,265 |
| MASSACHUSETTS | 13,100,911 |
| MICHIGAN | -75,054,445 |
| MINNESOTA | -48,634,152 |
| MISSISSIPPI | 35,711,772 |
| MISSOURI | -25,163,992 |
| MONTANA | 8,724,927 |
| NEBRASKA | -3,762,131 |
| NEVADA | 13,625,896 |
| NEW HAMPSHIRE | -2,446,775 |
| NEW JERSEY | 24,502,079 |
| NEW MEXICO | 29,199,873 |
| NEW YORK | -178,213,310 |
| NORTH CAROLINA | 73,034,332 |
| NORTH DAKOTA | 957,741 |
| OHIO | -94,569,319 |
| OKLAHOMA | 58,698,011 |
| OREGON | 23,583,828 |
| PENNSYLVANIA | -182,461,655 |
| RHODE ISLAND | -7,036,958 |
| SOUTH CAROLINA | 25,327,428 |
| SOUTH DAKOTA | 2,686,209 |
| TENNESSEE | 82,540,053 |

| State | Difference |
|---|---|
| TEXAS | 409,567,170 |
| UTAH | 11,340,480 |
| VERMONT | -5,872,324 |
| VIRGINIA | 1,569,334 |
| WASHINGTON | 47,467,080 |
| WEST VIRGINIA | 6,305,776 |
| WISCONSIN | -20,896,991 |
| WYOMING | 5,546,252 |

[1]This analysis allocates each state a portion of federal child welfare funds from titles IV-B and IV-E funds (based on total SFY 2000 IV-B and IV-E spending) equal to their percent of children in poverty in the country and compares this amount to the amount they actually expended in SFY 2000.

In addition to delinking, experts have proposed other formulas for determining federal IV-E reimbursement. These proposals are prompted both by the burden of current IV-E eligibility determination as well as equity concerns due to states' differential success in claiming federal reimbursement. For example, states could receive a per-child or per-poor child allotment from the federal government.[10] This amount could change with the number of children/poor children in the state. Moreover, the federal government could allocate funds in this manner while at the same time block granting all child welfare spending, allowing states greater flexibility in determining how to spend resources. Like the delinking scenario described above, a cost neutral block grant tied to each states percent of children in child poverty would create significant winners and losers (Table 5).

*Increase Funding*

It may seem surprising that bills such as The Flexible Funding for Child Protection Act of 2000 or the President's current flexible financing proposal have not received widespread support given the fact that the reforms proposed would be optional to states. Opponents of these bills argue that passing legislation that adds fiscal flexibility detracts from a larger concern, that federal investment in child welfare services is simply to low.

As noted above, there is abundant evidence that child welfare systems are underfunded. In addition, without additional funds, many states may be unwilling to take the financial risks associated with attempting to reduce foster care caseloads. Consider the fact that many states are currently using significant amounts of flexible funds such as title IV-B, SSBG, and TANF to cover foster care expenses. Moreover, several states have provided block grants of child welfare funds to counties to allow them greater flexibility and have not seen increases in prevention services or lower out-of-home caseloads (Courtney, 2000).

In recent years, Congress has debated numerous proposals to increase federal child welfare funding. These proposals include:

- The Child Protection and Alcohol and Drug Partnership Act of 2001 (S. 2345) sought to create a title IV-B subpart 3 that would provide additional funds for collaborative activities among federal, state, and local child welfare agencies and substance abuse prevention and treatment agencies.

- The Leave No Child Behind Act of 2001 (S940, HR 1990) argues that federal financing for child welfare services is severely limited and calls for an open-ended entitlement for prevention, reunification, and after care services.

Other proposals to increase federal child welfare spending identified by participants at the 2002 child welfare summit included the following: providing federal funding specifically to cover the

[10]If a per-child allocation strategy were implemented, I'd propose a formula that is based on both the number of children in poverty and the number of live births in the prior three or so years Children ages 0 to 3 have the highest rate of victimization, are the most likely to receive services, and the most likely other than older teens to enter foster care. The families of these children are also the prime target population for prevention services.

expenses of child abuse and neglect investigations; extending IV-E eligibility to 21; allowing IV-E adoption assistance payments to continue for children until they finish schooling; extending title IV-E to cover Indian children; allowing states to claim IV-E training reimbursement for training of private providers; expanding funding for the court improvement programs, judicial and attorney training, and court data systems; and increasing the matching rate for the District of Columbia from 50 percent to equal their Medicaid matching rate like all other states.

At the same time there is also no guarantee that simply spending additional money on child welfare services will significantly improve outcomes for children and families. It has been argued that simply spending more money without changing the financial incentives will only reinforce existing patterns of service delivery that disproportionately allocates resources for foster care (Wulczyn, 2000).

In addition to proposals to increase federal spending generally, many states and advocates are pushing for federal policy changes related to IV-E reimbursement for children placed in kinship foster care. Under the ASFA Final Rule, states may not collect federal reimbursement for children placed with kin unless "relatives meet the same licensing/approval standards as nonrelative foster family homes." In addition, the final rule prohibits states from claiming IV-E reimbursement for provisionally licensed or emergency placement kin homes. The impact of these policies are two-fold – states are not receiving federal reimbursement for foster care payments they are making to many kin, and many kin are being denied foster care payments entirely.

In 2001, 20 states had a separate approval process that kin could choose to be assessed under. In 6 of these states, states are providing a state-funded foster care payment to kinship foster parents meeting these kin-specific standards (Jantz et al., 2002). In the remaining 14 states, kin meeting this standard are denied foster care payments, despite the fact that they are caring for a child in state custody. In 2001, 43 states and the District of Columbia placed foster children with kin before they were licensed (provisional or emergency placements). Of these states, 27 provided state-funded foster care payment to kin before they were licensed, and in 16 states kin were denied foster care payments.

**Using Financing Data in State Assessments**

At the same time that child welfare experts have been debating the shortcomings of the federal financing structure, there has a movement to make child welfare agencies more accountable. Federal reviews of state child welfare agencies have traditionally focused on how well agencies have complied with mandated procedural safeguards. However, with the passage and implementation of ASFA, the federal government has developed a performance-based system that holds states accountable for specific child welfare outcomes. States are now compared to a national median and penalized financially if their performance lags behind.

To what extent can differences in the outcomes achieved by state child welfare agencies be explained by differences in their financing of child welfare services? Regardless of how one decides to compare states' spending on child welfare services there is significant variation (Table

6). It is hard to ascertain, however, how much of this variation is due to differences in need versus differences in commitment to child welfare. One could argue that all child welfare agencies should target prevention services to all families with children and compare states' per-child spending. Alternatively, one could look at the number of children at-risk of abuse and neglect and compare spending per-poor child (using poverty as a proxy for child abuse and neglect risk). One could also compare state spending based on differences in their child welfare caseload (children reported, victimized, or placed in foster care).

Measures of per-child spending and even per-poor child spending may do a poor job of accounting for differences across states in the level of need for child welfare spending. Measures based on child welfare caseloads reflect, in part, state decisions about how to limit demand for child welfare services. A better measure of state commitment to child welfare services may be the percent of state funds available that are used for child welfare. However, there are limitations to this approach as well. Like per-child spending, this approach does not account for differences in state need. States' ability to generate general revenue that can be used for child welfare varies greatly due to differences in per-capita income as well as state income, property, and sales tax rates. In fact, states that are able to generate greater revenue may also have less need for child welfare services.

If comparing state child welfare spending is so fraught with difficulties, how can fiscal data be of use in understanding state performance? Longitudinal fiscal data can be useful in analysis of state performance, by focusing on the correlation between *changes* in child welfare spending and *changes* in child welfare outcomes.[11] In a change model, any differences between states that are stable over time cannot affect the relative changes in spending and outcomes. Consequently, even if states with high repeat abuse rates have higher levels of spending in a given year, a change (increase) in spending should be associated with a change (decrease) in repeat abuse—assuming that spending has an impact. Focusing on period to period changes not only purges the analysis of all time-fixed unobserved factors but also of all observable factors that do not change (or only change by a negligible amount) from one year to the next. This reduces the number of other factors one must take into account when examining the relationship between outcomes and spending.

[11] This of course assumes, probably incorrectly, that there are good data to assess states' performance outcomes.

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**Table 6: Various Measures of State Fiscal Commitment to Child Welfare[1]**

| State | Spending per child | Spending per poor child | Spending per reported child | Spending per victimized child | Spending per foster child | Percent of general fund expenditures |
|---|---|---|---|---|---|---|
| RHODE ISLAND | $951 (2) | $7,008 (1) | $16,409 (5) | $56,295 (6) | $82,193 (1) | 5.04% (1) |
| CONNECTICUT | 641 (3) | 6,950 (2) | 12,172 (7) | 37,966 (14) | 78,484 (2) | 3.84% (2) |
| NEW HAMPSHIRE | 200 (33) | 2,651 (10) | 7,818 (18) | 75,560 (2) | 47,408 (10) | 3.56% (3) |
| PENNSYLVANIA | 419 (5) | 3,801 (6) | 54,764 (1) | 248,462 (1) | 57,455 (6) | 3.43% (4) |
| ILLINOIS | 413 (7) | 2,346 (13) | 9,558 (15) | 44,617 (12) | 42,355 (21) | 3.38% (5) |
| TENNESSEE | 280 (18) | 1,387 (33) | 7,291 (19) | 22,841 (23) | 37,314 (27) | 3.38% (6) |
| MICHIGAN | 309 (15) | 2,237 (16) | 4,954 (32) | 30,523 (17) | 40,648 (23) | 3.30% (7) |
| IOWA | 415 (6) | 4,753 (5) | 9,865 (13) | 28,549 (19) | 60,962 (4) | 3.20% (8) |
| COLORADO | 323 (14) | 2,949 (8) | 10,138 (10) | 48,176 (10) | 47,754 (9) | 3.13% (9) |
| NEBRASKA | 224 (27) | 1,831 (23) | 9,947 (12) | 26,716 (20) | 17,426 (46) | 2.98% (10) |
| INDIANA | 242 (24) | 2,317 (14) | 14,873 (6) | 15,878 (34) | 46,454 (12) | 2.81% (11) |
| MISSOURI | 330 (13) | 3,121 (7) | 6,460 (23) | 62,767 (3) | 36,467 (28) | 2.73% (12) |
| MINNESOTA | 403 (9) | 4,754 (4) | 20,093 (2) | 42,213 (13) | 58,514 (5) | 2.68% (13) |
| CALIFORNIA | 333 (12) | 1,737 (25) | 6,585 (22) | 24,684 (22) | 28,375 (33) | 2.66% (14) |
| VERMONT | 347 (11) | 2,178 (17) | 16,900 (4) | 45,280 (11) | 46,276 (13) | 2.60% (15) |
| KENTUCKY | 287 (17) | 1,894 (21) | 4,233 (37) | 14,558 (37) | 44,014 (17) | 2.57% (16) |
| OHIO | 251 (21) | 1,646 (26) | 6,711 (20) | 56,883 (5) | 39,778 (25) | 2.39% (17) |
| NEW YORK | 480 (4) | 2,527 (11) | 9,573 (14) | 29,787 (18) | 46,734 (11) | 2.38% (18) |
| ALABAMA | 167 (38) | 810 (43) | 5,906 (25) | 19,306 (30) | 34,312 (31) | 2.33% (19) |
| OREGON | 302 (16) | 1,615 (27) | 9,300 (16) | 22,565 (24) | 27,936 (35) | 2.21% (20) |
| NEVADA | 120 (46) | 1,011 (36) | 3,511 (38) | 12,426 (42) | 44,433 (16) | 2.19% (21) |
| WEST VIRGINIA | 364 (10) | 1,986 (18) | 5,048 (30) | 16,621 (33) | 40,445 (24) | 2.14% (22) |
| MASSACHUSETTS | 407 (8) | 2,910 (9) | 10,408 (9) | 19,707 (28) | 54,842 (7) | 2.06% (23) |
| WASHINGTON | 244 (23) | 1,765 (24) | 10,017 (11) | 53,786 (7) | 42,632 (20) | 1.93% (24) |
| MONTANA | 197 (35) | 797 (44) | 1,886 (49) | 14,798 (36) | 18,280 (45) | 1.90% (25) |
| UTAH | 166 (39) | 1,427 (32) | 4,888 (33) | 14,057 (39) | 67,982 (3) | 1.82% (26) |
| WISCONSIN | 272 (19) | 1,979 (20) | 11,094 (8) | 34,623 (15) | 40,945 (22) | 1.81% (27) |
| SOUTH DAKOTA | 192 (36) | 1,530 (29) | 3,089 (44) | 20,610 (25) | 26,445 (36) | 1.61% (28) |
| ARIZONA | 166 (40) | 845 (41) | 4,322 (35) | 34,151 (16) | 34,584 (30) | 1.49% (29) |
| LOUISIANA | 202 (31) | 864 (39) | 5,631 (27) | 19,448 (29) | 37,868 (26) | 1.48% (30) |

| State | Spending per child | Spending per poor child | Spending per reported child | Spending per victimized child | Spending per foster child | Percent of general fund expenditures |
|---|---|---|---|---|---|---|
| FLORIDA | 201 (32) | 1,243 (35) | 3,370 (40) | 20,214 (27) | 19,390 (44) | 1.45% (31) |
| SOUTH CAROLINA | 250 (22) | 1,533 (28) | 5,014 (31) | 17,318 (31) | 42,653 (19) | 1.42% (32) |
| WYOMING | 140 (43) | 964 (38) | 4,738 (34) | 13,745 (40) | 22,463 (42) | 1.29% (33) |
| NEW JERSEY | 206 (29) | 1,853 (22) | 6,445 (24) | 51,183 (8) | 45,607 (14) | 1.28% (34) |
| DELAWARE | 227 (26) | 1,358 (34) | 5,476 (29) | 26,226 (21) | 43,304 (18) | 1.26% (35) |
| GEORGIA | 165 (41) | 1,008 (37) | 3,397 (39) | 10,172 (44) | 27,970 (34) | 1.14% (36) |
| ALASKA | 235 (25) | 2,256 (15) | 5,886 (26) | 11,945 (43) | 22,627 (40) | 1.09% (37) |
| OKLAHOMA | 167 (37) | 706 (46) | 2,191 (48) | 9,475 (47) | 15,624 (48) | 1.08% (38) |
| KANSAS | 258 (20) | 1,979 (19) | 5,622 (28) | 20,606 (26) | 26,212 (37) | 1.03% (39) |
| ARKANSAS | 106 (48) | 387 (50) | 3,202 (43) | 9,992 (46) | 24,541 (39) | 0.90% (40) |
| TEXAS | 110 (47) | 525 (48) | 3,324 (41) | 14,078 (38) | 35,358 (29) | 0.88% (41) |
| NORTH DAKOTA | 203 (30) | 1,432 (31) | 4,304 (36) | | | 0.79% (42) |
| IDAHO | 135 (44) | 722 (45) | 3,316 (42) | 57,386 (4) | 45,398 (15) | 0.76% (43) |
| NORTH CAROLINA | 152 (42) | 822 (42) | 2,259 (47) | 7,682 (49) | 25,626 (38) | 0.73% (44) |
| NEW MEXICO | 125 (45) | 530 (47) | 3,037 (45) | 10,123 (45) | 33,291 (32) | 0.71% (45) |
| VIRGINIA | 71 (49) | 858 (40) | 3,029 (46) | 16,664 (32) | 16,745 (47) | 0.51% (46) |
| HAWAII | 199 (34) | 1,447 (30) | 8,658 (17) | 15,154 (35) | 22,505 (41) | 0.49% (47) |
| MISSISSIPPI | 66 (50) | 402 (49) | 1,639 (50) | 7,867 (48) | 15,269 (49) | 0.42% (48) |
| MAINE | 224 (28) | 2,460 (12) | 6,603 (21) | 13,385 (41) | 20,046 (43) | 0.38% (49) |
| DIST. OF COL. | 1,501 (1) | 6,397 (3) | 19,414 (3) | 50,539 (9) | 48,173 (8) | |

[1]Spending is total state spending from all sources in SFY 2000.
Sources: Number of poor children (DHHS 2000)
Reported and Victimized children (DHHS 2000)
Foster Children (AFCARS)
State General Revenue (NASBO, 2002)

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